



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee

From: Rick DeBano, Audit Committee Chair
Frank Hales, Vice Chair

Date: April 30, 2013

Subject: Report of the Audit Committee

The audit committee met two times thus far in fiscal year 6/13. They first met on July 31, 2011 in Grand Rapids, Michigan. There were 47 members, guests and staff present at the meeting. There were 36 individuals representing 24 audit program states present. There were no members of the public present at the meeting.

The audit committee reviewed the status of all the audits in progress. A discussion was held on 14 income tax and 3 sales tax audits that had significant issues. The audit committee expressed its satisfaction with the status of the audits in progress.

The audit committee conducted a round table discussion regarding audit leads and issues that individual states are experiencing.

Five individuals from the audit committee met on August 2 and 3 with Elizabeth Harchenko as part of the compliance subcommittee to recommend issues to bring to executive committee to improve the audit program. Also in attendance were Les Koenig, Harold Jennings, Cathy Felix and Larry Shinder representing the MTC audit program.

The audit committee met a second time via a teleconference on November 29, 2012 with 41 members, guests and staff present. There were 35 individuals representing 25 states present for the meeting. A report on two separate committees for strategic planning was given. The 2 committees are audit selection and no change audits. These two committees continue to meet and will have reports ready for the March audit committee meeting.

The audit program reported on numerous audits in progress and the audit committee expressed satisfaction with the status of the audits. The audit

committee also selected 16 companies for sales tax audits for the MTC audit program.

The audit committee met in person a third time on March 7, 2013 in St Louis. There were 52 members, guests and staff present in person or via a teleconference. There were 38 individuals representing 21 states present at the meeting. The majority of the time was spent discussing the 2 strategic plans under way. Recommendations from the full committee were given to the 2 committees working on these projects. The audit committee also spent time during the closed session discussing audits in progress.

The committee on audit selection and the committee on no change audit each met several times via a teleconference during the period of November 2012 through February 2013.